



GORDON INSTITUTE
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**A NARRATIVE EXPLORATION OF PREVAILING LOW INCOME CONSUMER
PERCEPTIONS AND MYTH IN RESPECT OF THE BANKING SECTOR**

A research project submitted
by
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of

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ABSTRACT

The results of the exploratory research revealed the existence of perceptions and myth amongst low-income consumers in respect of the banking sector.

Numerous pieces of research have been undertaken deriving reasons for people's continued refusal to access the banking sector. Some of these reasons have been cited as cost, access and complexity of available products. A key factor to success in reducing the number of unbanked consumers in South Africa is the understanding of the aspects of human psychology that drives consumer behaviour.

This was an exploratory piece of research that derived its questions from the disciplines of Philosophy, Behavioural Economics, Social Psychology and Strategy. The questions this research sought to answer were viz

- *What are the myths and perceptions people have about the banking sector?*
- *How do myths and perceptions influence consumer behaviour in respect of financial services?*

As a result of it being exploratory research, qualitative surveys using in depth interviews was the chosen methodology. The results of the qualitative survey revealed the existence of perceptions and myths among consumers in the Banking Sector. The extent, to which these impacted consumer behaviour, was derived from a combination of direct feedback from the participants and a sense of what could potentially happen.

The concluding discussion points out that sustainable solutions will follow an organisational approach, which reveals a deep respect for these consumers as capable human beings who require a collaborative (and not paternalistic) partner to improving their lives.



DECLARATION

I declare that this research project is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

Student Signature:

Date:.....



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I am often reminded of the story of the carver who was asked how he carved such a lifelike sculpture of the chief. His reply was “I just take away everything that is not the king.” This two journey on the MBA has not been a purely academic one. I have had the privilege of having had people in my life who have instrumental in helping me whittle away everything that is not I. It is them that I must acknowledge (in no rank order), for without them this would not have been possible.

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As I complete this piece, I find myself finally having clarity on why I have never found the ultimate career. In my search for congruence I have come to realise that there is no such thing. If you stay the course of striving to be the best human being you can be, who you are becomes what you do. If you are really lucky, you will amass fortune on the way!!!



TABLE OF CONTENT

ABSTRACT	I
DECLARATION	II
ACKNOWLEDGEMENTS	III
CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM	1
1.1. Introduction	1
1.2. Motivation for Research	3
1.3. The research problem	6
CHAPTER 2: THEORY AND LITERATURE REVIEW	10
2.1. Introduction	10
2.2. Philosophical Base – The Foundation for the start	10
2.3. Behavioural Economics: A marriage made in heaven	13
2.4. Trust, Esteem and Complexity: The nature of the being	17
2.5. Strategic Implications for organisations: Can we stay together?	26
2.6. Conclusion	28
CHAPTER 3: RESEARCH QUESTION	31
3.1. Research Question	31
CHAPTER 4: RESEARCH METHODOLOGY	32
4.1. Research Approach	32
4.2. Population	34
4.3. Sampling	35
4.4. Data Collection	35
4.5. Data analysis.....	36
4.6. Potential research limitations	37
4.7. Ethics.....	39
CHAPTER 5: RESULTS OF RESEARCH	41
5.1. Demographics	41
5.2. Banking Statistics	41
5.3. Data Analysis	42
5.4. Findings: Perceptions.....	43
5.5. Findings: Myths	45
CHAPTER 6: DISCUSSION OF RESULTS	46
6.1. Introduction	46
6.2. The entry point	46
6.3. A Story.....	47
6.4. Conclusion	64
6.5. My story.....	67
CHAPTER 7: CONCLUSION AND RECOMMENDATIONS	71
7.1. Conclusions.....	71
7.2. Recommendations	73
REFERENCES	75
APPENDIX – SUMMARY OF THEMES	84

LIST OF TABLES

Table 1 – Development & Competitiveness Indicators (www.hdr.undp.reports)	1
Table 2 Characteristics of a Complex system (Cilliers; 1998,2001 and Stacey, 2000)	24
Table 3 Demographic Details	41

LIST OF FIGURES

Figure 1 An Overall Model of Customer Behaviour (Cant et al, 2006)	17
Figure 2 Trust Structures	19
Figure 3 The Virtuous Cycle of Esteem	66

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. Introduction

In the 12 years since democracy, South Africa (SA) has undergone fundamental social, economic and political changes. But it is still a fledgling democracy that, as it aspires towards its ideal future, is still plagued by its past. Its development indicators (refer Table 1) show that progress in terms of human development and the eradication of poverty has been limited and the divide between rich and poor continues to grow. Comparable economies (refer Table 1), while displaying similar levels of income inequality, have shown marked improvements in terms of human development and in reducing the number of people living on < \$1 per day.

Table 1 – Development & Competitiveness Indicators (www.hdr.undp.reports)

Indicator	South Africa	Brazil	Malaysia
Human Development Indicator (Rank) (UNDP, 2003)	120	63	61
No of people living on < \$1 per day (1990-2003)	10.7%	8.2%	<2%
Gini index ¹	57.8	59.3	49.2
World Competitiveness Ranking			
- Banking & Financial services	22	47	23
- Banking Regulation	21	50	29

²

¹ **Gini Coefficient** is a measure of inequality of a distribution, defined as the ratio of an area between the Lorenz curve and the curve of the uniform distribution, to the area under the uniform distribution. It is often used to measure income inequality. The coefficient is a number between 0 and 1, where 0 corresponds to perfect equality (i.e. where everyone has the same income) and 1 corresponds to perfect inequality (i.e. where one person has all the income and everyone else has no income). The **Gini Index** is the coefficient expressed as a percentage, and is equal to the Gini Coefficient multiplied by 100.

² Brazil and Malaysia were used for comparison as they have similar GDP per capita rankings to South Africa on the Human Development Report for 2005.

South Africa's legacy (number of anomalies, not least being a highly skewed income distribution and economic structure, which produce a large number of so-called unbanked households within the "informal economy"³ (Baumann, 2001). Falkena *et al* (2004) define the unbanked as generally those with little or no access to financial services. 53% of South Africans (Finscope 2005) were unbanked in 2005. Access to financial services remains a key factor in the list of reasons people give for remaining unbanked. Other related reasons are varied but the primary ones are:

- Complex product sets.
- The cost of banking is too high.
- People fail to meet banking sector profiling criteria (Schoombee, 2000).

SA banking evolved in the late 19th century in response to the rapid growth of the mining sector. Its roots are founded in European banking and it has grown over the years to find a place amongst the Top 25 globally (refer Table 1). SA banking regulations rank with the best in the world (refer Table 1). There are 35 locally controlled banks (Banking Supervision Annual Report, 2005), 12 foreign-controlled banks and five mutual banks. (www.southafrica.info/doing_business/economy/econoverview.htm - 48k - 28 May 2006). In recent years the banking industry has also been consolidated by the disappearance of some smaller banks, e.g. BOE and Saambou, resulting in Absa, Standard, First National Bank and

³ The formal economy is regulated by "government laws, policies and regulation" whereas the informal economy refers to all economic activity that lies outside regulated and official parameters within a state. (Chen, 2005). In South Africa, President Mbeki introduced the concept of the first and second economies in August 2003, defining it November 2003 as "the second economy (or the marginalized economy) is characterised by underdevelopment, contributes little to GDP, contains a big percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the first and the global economy and is incapable of self generated growth and development." This has increasingly become part of policy rhetoric at all levels of state.

Nedbank being regarded as the largest bank in 2005, the five largest banks represented about 89,6 per cent of the total banking sector, whereas small local banks constituted 2,2 per cent of total banking-sector assets, and other international banks constituted 8,6 per cent of the banking sector (Banking Supervision Annual Report, 2005).

Regulatory pressure has come in the form of the Black Economic Empowerment (BEE) Act, which is a vision for a South Africa that has a restructured and adaptive economy characterised by growth, employment and equity (www.dti.gov.za 2006). In August 2002 the Financial Services Sector (FSS) embraced this vision in a sector-wide charter that is intended to drive the achievement of sector targets in all areas, from the composition of management teams to effective customer accessibility. It aims to address the full transformation of the sector noting that, “despite significant progress since the establishment of a democratic government in 1994, South African society remains characterised by racially based income and social services inequalities”. (Financial Sector Charter, 2002).

1.2. Motivation for Research

According to Finscope (2005), 41% (12,621m) of people in South Africa have never banked. A further 12% were previously banked but have exited the banking sector. Napier (Finscope, 2005) states that the access targets contained in the Financial Services Sector Charter appear almost unachievable. Ryan (1997) discussed nine years ago that South Africa offered one of the most sophisticated electronic banking services in the world, but the bewildering buffet of offerings, which can cost clients

hundreds of rands a m any ordinary South Africans who form part of the unbanked and/or underserved market. An analysis of Finscope's 2005 survey results shows that in the years since the Ryan article, very little appears to have changed. Hawkins (2004) took a harsher stance, admonishing the Big Four for their lack of creativity and therefore lack of successes in accessing this market.

It has certainly not been for the lack of effort on the part of the banking sector. All the major banks have attempted in one form or another to enter the unbanked market. Nedbank tried to do so with People's Bank and Standard Bank tried with its E Plan. These efforts were designed to address the issues discussed by Schoombee (2000). The sector at large attempted the Community Bank and most recently the Mzansi account. The Community Bank was launched in 1994 to provide low-cost housing loans with funding from the Independent Development Trust (IDT), Development Bank of South Africa (DBSA) and the commercial banks. The Community Bank tried to overcome many of the barriers to entry to traditional banking for low-income clients (Strauss, 1996). It pursued relationship banking, offered training programmes, and employed staff from the client community. However, its eventual liquidity problems were attributed to the high cost of establishing infrastructure, security risks and the cyclical savings patterns of its consumers. Ten years later, the Big Four and the Postbank launched Mzansi as a low-cost national account, in an attempt to stimulate the unbanked market. The Postbank achieved the highest number of accounts opened. Finscope 2005 reveals a 1% drop in the number of unbanked year-on-year.

South Africa's key Millennium Development Goal is to halve extreme poverty between 1990 and 2015. Porteous (2003) proposes that expanded access to financial services is one of the key components required to meet this objective. Financial services play a key role in alleviating short-term shocks like death and loss of property and in developing long-term habits, which generate wealth-creating behaviour, e.g. saving to buy capital assets. Imboden (2005) suggests that financial systems provide three main contributions to economic growth:

- Efficient allocation of resources across time periods and individuals (or institutions) leading to the use of capital in projects with the highest returns.
- Drive a savings culture, and as a result, increasing the economic rate of return on new investments.
- Mitigate risk thus contributing to an increase in the volume of production and trade.

These conclusions are supported by the research of Burgess, Pande and Wong (2005) into the link between the provision of financial services and the reduction of poverty in India. They conclude that the state-led expansion of the rural branch network and targeted lending towards the poorer sections in Indian society led to a reduction in rural poverty between 1961 and 2000.

Finscope's 2005 survey results showed that 49% of people felt that banks showed them no respect. Prahalad (2004) shows that people who have choice and self-respect grasp entrepreneurial opportunities. The benefit of this for developing countries is that it minimises the financial burden they represent to the economy.

Finscope (2005) detail: ation. The demand for
banking services exists. Some 47% of all money does not sit in a bank account, 25% of people withdraw all of their salary almost as soon it gets paid into their accounts, 46% of people say they could live without a bank account and 27% of currently banked people agree with this statement. Translating the scale of this in real revenue terms suggests a significant opportunity for the banking sector. The survey also reveals that retailers are regarded as the second most popular form of financial services after banks. This poses either a huge competitive threat for banks in light of the pending Dedicated Banks Bill, or an opportunity if they were willing to consider alliances.

1.3. The research problem

What is abundantly clear in the current scenario is that people do want financial products. The choices they are making to exercise that need, is to either to go to retailers, use banks under duress (withdrawing their money immediately) or ignore the banks completely or utilise informal means, e.g. burial societies. Consumers in the banking sector, having received the right to access and been the recipients of attempts to create convenience and lower costs to access, are still choosing to source financial products and services from other suppliers.

The problem that faces the banking sector can be simplified into an old analogy, “one can take a horse to water, but one cannot force it to drink”. The solution to that problem has several different responses viz :

- Walk away: the horse's problem (become a niche bank).
- Change the water: perhaps offer it flavoured water or change the temperature of the water (offer different product sets, e.g. Mzansi or Nedbank's Transactor account).
- Blame it on the horse: it is too stupid to know any better (illiteracy).
- Determine what will make it drink: Identify some motivational factors (demographic analysis, i.e. age, race, consumption behaviour analysis).
- The water is not there (inappropriate products and lack of access)
- Find out why it will not drink the water.

This research will analyse why the horse will not drink the water. It differentiates itself by allowing the horse to tell its story.

Human beings are complex organisms driven by rational and emotional behaviour. Rational behaviour is straightforwardly derived from surveys and other forms of market research. What proves more difficult is to assess the emotional factors that drive human behaviour. Emotion is driven from one's perception of reality and not reality itself. What if, underlying this behaviour existed the tiniest possibility that perception and urban legend (or myth) was influencing the behaviour of low-income consumers in the banking sector?


Barthes (2000,p.94) explains myth thus: "Myth hides nothing: its function is to distort, not to make disappear...In passing from history to nature, myth acts economically: it abolishes the complexity of human acts, it gives them simplicity of

essences, it does away back beyond what is immediately visible, it organises a world which is without contradictions because it is without depth, a world wide open and wallowing in the evident, it establishes a blissful clarity: things appear to mean something by themselves.” Myth provides clarity from the consumer viewpoint on how they see the world.

Myth, in popular belief, is something widely believed but is false. When social networks play a strong role in delivering information, perceptions of one individual can quickly graduate to a collective view. If this collective view is false, then a myth is born.

Perception (Kotler and Keller, 2006) defines it as the process by which an individual selects, organises and interprets information that creates a meaningful picture of the world. It is defined by external and internal stimuli. What is clear is that different people would interpret the same picture or event differently, as their stimuli would be unique to them. Ultimately people’s behaviour is based on their perception of reality and not reality as it is (Robbins, 2005). The interpretation may or may not be true.

The existence of perception and myth emerge from allowing people the space to tell their stories. It is only in this acknowledgement and recognition of their narrative as human beings that one can even begin to conceive of hoping to understand them as consumers.

This research accepted  ns (Schoombee 2000) for people remaining unbanked. It did not attempt to prove or disprove those reasons. Those reasons were in fact affirmed as being valid. It explored the existence of alternative reasons such as perception and myth and delves into the implications of this for the consumer behaviour in the banking sector.

This research is it is an act of human and intellectual curiosity. It stems from a belief in diversity and pluralism and the uniqueness (Drucker, 1998) of every human being.



2.1. Introduction

Although the South Africa banking sector faces an enormous challenge in trying to break into the low-income market, there is equally a national imperative to eradicate poverty. The issue at hand is more than just about achieving bottom-line targets. It includes the welfare and well being of a nation. The literature review sought a way to weave in both these intentions together to provide a solution.

2.2. Philosophical Base – The Foundation for the start

Over the centuries, there has been a “subtle but significant shift in philosophical focus from human relationships to individual gains” (Weymes, 2004). This, he argues, led to a world where a few gained command and control of the behaviour of many for the benefit of the few. This was in direct contrast to the early philosophical positions taken by Aristotle, Plato, Descartes and even Adam Smith. The early writers espoused that humanness is attained through rich relationships resulting in the “good to which all things aim.”⁴

The social landscape of the Western World changed to one where organisations were driven by “efficiency, increasing output and shareholder wealth.” (Weymes, 2004). The focus on individual benefit and materialism became the mantra that

⁴ Weymes, E. (2004). A challenge to traditional management theory. *Foresight*. Vol 6 No 6, pp 338-348.

drove success and development. This guiding discourse⁵ for the last 100 years has been shareholder wealth and individual gain. As CEOs' tenures became shorter and shareholders were hidden in the maze of holding companies, the focus was more for self-interest and the impact on society became less of a concern.

With 4 billion people (Prahalad, 2004) living on less than a \$1 per day, there was a resounding call for a change to the philosophical underpinning of the way in which we did things. The South African equivalent revealed by Eighty/20 Consulting in their 2005 analysis was that 5.2 million South Africans live on less than R20 per day.

In 1990, Senge⁶ introduced the idea of organisations being an open system that was an inextricable part of the society in which it operated. The interplay between society and the organisation has been continued in the thinking of other writers like Handy⁷, Drucker⁸ and Wheatley⁹. It forged the development of new thought processes on how we see the world and our ability to impact it. Insular organisations of old had become a thing of the past. The poor could no longer be ignored because we could not see or hear them. The arrival of the Internet and

⁵ Tao Te Ching by Lao Tzu – Roughly translated as The Book of the Way or Virtue. It was to be written by a record keeper of the Zhou Dynasty. However in spite of its authorship being a point of debate, it still forms a strong foundation for the Taoist School of Chinese Philosophy. (Shefy and Sadler-Smith, 2006)

⁶ Senge, P. (1990). *The Fifth Discipline*. United Kingdom: Random House Books.

⁷ Handy, C: Charles Handy is a writer and philosopher whose various books on management have challenged conventional thinking.

⁸ Peter Drucker – considered to be the leading management thinker of his time. He has written books and articles discussing the roles of society and business.

⁹ Margaret Wheatley is writer and philosopher who applies the lens of living systems theory to organisations and communities. Refer margaretwheatley.com

CNN placed them in our industry in the coming time can no longer be regarded as a private arrangement for enriching shareholders. It has become a joint enterprise in which workers, management, consumers, the locality and Government will play a part...”

While firms were bound by regulation and law to comply with ethical considerations, Sharma and Talwar (2005) derived from the tenets of Hinduism that organisations must be bound by a core philosophy that says while *Artha* (money) is legitimate and an integral part of society according to Vedic culture, its purity must be maintained. That purity is maintained when it is applied for the greater good of the society as a whole. Lee (2005) bolsters this view from the point of view of Chinese Philosophy. He offers, “when poor, men tried to better their own condition. When in power, they tried to better the condition of the whole world as well.” This holistic approach to viewing the world was encompassed in the writings of Drucker (2001). He showed that business can either do something TO society (resulting in products and services) or business can do something FOR society (helping with societal dysfunctionality)¹¹. Prahalad (2004) embraced this viewpoint saying that the poor had to be seen as value conscious customers whose “lot” in life could be improved by offering them dignity and choice.

This brought the doctrine of traditional economics into question. The idea of allowing the market system to control, govern and direct markets in a sterile way

¹⁰ Goyder.G. (1951). *The Future of Private Enterprise: A strategy in Responsibility*. Oxford: Basil Blackwell.

¹¹ MJ Opperman GIBS MBA 2005 summarised Drucker’s thinking into a framework that discussed the interplay between society and organisations.

that eliminated the cor med sacrilegious. Polanyi (1957) was firm in his view that “economic activities are embedded in their social and ecological context.” Schumacher (1974) stated that an alternative economic framework would be one where “the value choice is human centredness, an economics as if people mattered.”

2.3. Behavioural Economics: A marriage made in heaven

Economics is the science of how resources are allocated by individuals, firms and markets. It is based on the assumptions of scarcity of resources and that people will act in self-interest to maximise their utility. Core to this is the aspect of individual behaviour that drives the actions of the players. Camerer (1999) argues, therefore, that psychology should inform economics in the same way physics informs chemistry and archaeology informs anthropology. The past twenty years has seen an increased interest in the reunification of psychology and economics and it has started to become part of mainstream economics.

The triggers for a change in thought leadership have arisen from the anomalies that have confounded prevailing wisdom. People will say they don't use banks because the costs are too high, yet offering them a low cost bank accounts results in limited success. “Economic Man” says Lambert (2006) as held by the theorists, “makes logical, rational, self interested decisions that weigh costs against benefits and maximizes value and profit to himself.” This being is self-governing and relentlessly pursues future goals showing no sign of distraction for bodily states and feelings (Lambert, 2006). One of his earlier writings, *The Theory of Moral Sentiment*, Adam

Smith discussed the al his Wealth of Nations that he suggested that people get their dinner “not from the benevolence of the butcher, the brewer, or the baker but from the regard of their interests”, which had become his most famous legacy to the world. It is this obsession with self-interest and the sterile actions of the “Invisible Hand” that have driven the formation of the free market system. Yet even Smith himself recognised the contradictions experienced by a real human being when making economic choices and decisions, seeing a conflict between “the passions and impartial spectator” (Lambert 2006). Researchers have criticised mainstream economics as psychologically unrealistic. This agitation has resulted in thought leaders evolving the discipline of behavioural economics which reflects the efforts to introduce “psychologically more realistic notions of human behaviour into economics”(Rabin, 2002).

Where traditionalists argue that all models must maintain the purity of natural science, the behavioural economists argue “that it does not abandon the insights of neoclassical economics, but supplements these insights with the insights to be had from realistic new assumptions” (Rabin 2002). He cites the example of rational models predicting that people care about the future, and hence save, and are more likely to save the longer their planned retirement. Psychological models allow us to see that people will under-save and over-borrow because they have less than 100% self control, and equally to accommodate the predictions of the rational model. In short, psychological models provide a more holistic view of what people are likely to do in the real world.

Rational models on which all players are playing from an optimal self. This allows the players to receive their piece of the available resources. If markets were to ignore, or wipe out, some aspect of human behaviour that has a material effect, then the importance of “studying that aspect of human nature is intensified” Rabin (2002). In a world that has an ever-increasing gap between rich and poor, the world has to be viewed in markedly different ways.

Rational models applied in developed markets have proven to be irrelevant in understanding emerging markets. Theorising about the poor is providing a brand new set of challenges requiring people to find innovative ways to address these challenges. Mullainathan, Bertrand and Shafir (2004) offer that there are two ways for social scientists to approach poverty either their behaviour is viewed as calculated adaptations to prevailing circumstances or emanates from a unique culture of poverty, rife with deviant behaviour. These paternalistic approaches do little to understand or provide sustainable solutions for improving their lot. There is, however, an offer of a third approach, which defines the behaviour of the poor as neither deviant nor calculated. In fact, say Mullainathan *et al* (2004), they exhibit the same biases and weaknesses as those who are better off, but the narrow margins of error allowed by poverty cause the same behaviours to have more pronounced effects leading to worse outcomes. They more often than not find themselves without the structural reminders that govern their behaviour, “and fall victim, instead, to social, institutional and psychological barriers that render their economic conduct all the more overwhelming and fallible.

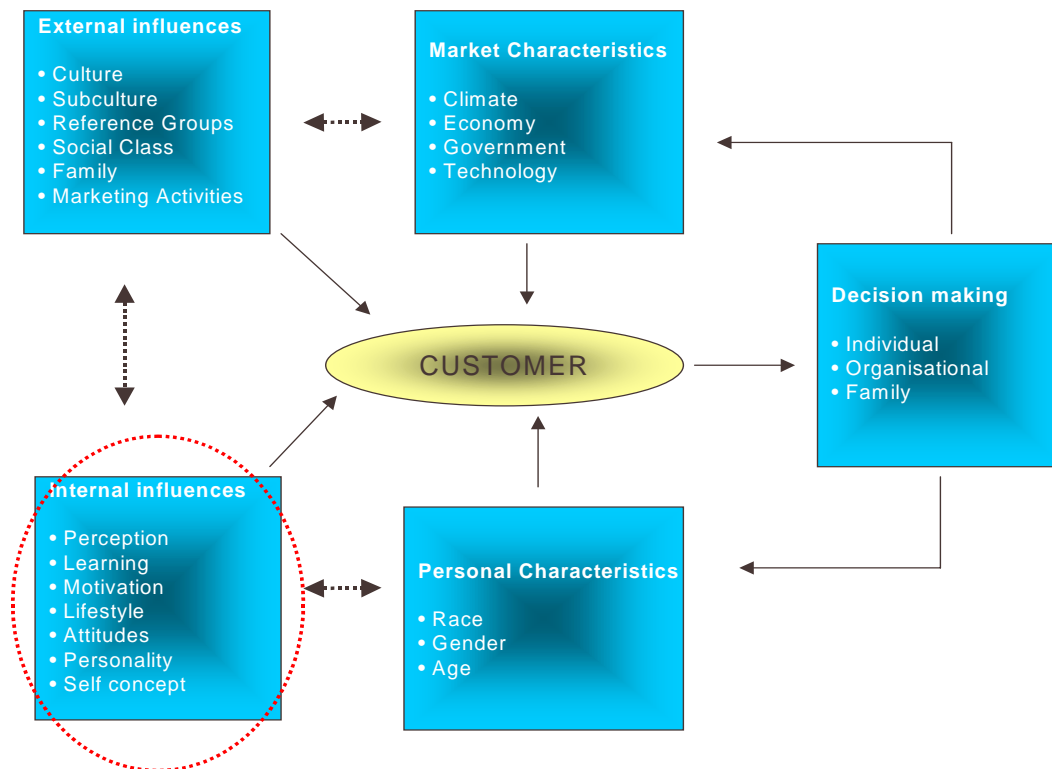
Marketers knowledge / the potential of

understanding psychographics earlier than most. Kotler and Keller (2006) state that the study of consumer behaviour is the study of how individuals and businesses make decisions to spend their available resources (time, money, effort) on consumption-related items. It includes the study of what they buy, why they buy, when they buy, where they buy, how often they buy, and how often they use what they buy.

Cant, Brink and Brijball (2006) define the various factors that govern consumer decision-making in Figure 2. There is growing recognition that intuition is playing an increasingly important role in decision-making that, in figure1, is played out in the internal influences block (Cant *et al*, 2006). Human beings, by their very nature bring more into any relationship than is visible to the naked eye. Although vast amounts of information has been gathered on market influences, demographics and external influences, there has been a noticeable gap in understanding the internal influences that drive people. It is in that space that people become messy.

Psychographics has been used to “breathe life” into the data that marketers commonly use. Organisations for profit have effectively used this to aggressively market goods and services to the poor, which have essentially left them worse off e.g. gambling, smoking, alcohol, irresponsible lending and getting into debt .Yet a slight manipulation of the same behaviour can lead to potentially massive improvements in the well being of the same group of people if beneficial products were marketed as aggressively. Imagine the benefits that could flow then from marketing the benefits of financial literacy, as a brand campaign, in comparison to one, which offered merely to lend you money.

Figure 1 An Overall Model of Customer Behaviour (Cant et al, 2006)



Behavioural scientists have determined that motives (informed by the internal influences box) are at the root of all behaviour. Irrespective of other demographic differences, e.g. race, gender, culture or upbringing, there are common needs that all people share. “Decisions influenced by emotion are deeper and longer lasting than those based on rational thought alone” (Robinette & Brand, 2001). In his book, *Emotional Intelligence*, Daniel Goleman (1996) defines emotion as “root impulses to act; the instant plans for handling life.” The very root of the word emotion lies in the Latin verb, *movere*, “to move”.

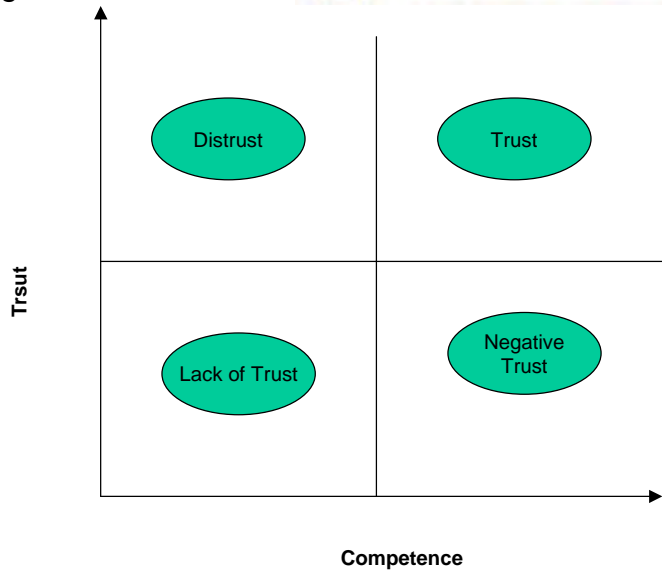
2.4. Trust, Esteem and Complexity: The nature of the being

Trust is one of those intangible concepts that we spend lifetimes trying to define and pin down. Trust has components of emotional and logical behaviour. It is an

emotional contract where they compare the probabilities of gain and loss to others. On a logical level they assess the probabilities of gain and loss, calculate expected behaviour based on historical performance, and conclude that the person/organisation will behave in a predictable manner, which they hope will not be opportunistic. There are three components that start to emerge from this definition, viz expectation, vulnerability and predictability. The point at which these three factors merge is the point at which human beings start to utilise trust as a basis for engagement. This is the start of a shift in relationships from a basic survival mode where fear and mistrust reign supreme to intuitive, mature relationships where trust is the only governance required. Sako (1992) describes it as an expectation held by an economic agent about another, that the other behaves or responds in a predictable and mutually acceptable manner.

Zsolnai (2004) suggests that trust is not the luxury of an advanced economy, but is an indispensable means to foster economic development. Where systems and structures do not exist to govern economic relationships, trust plays a fundamental role in the way people interact with each other. The Grameen Bank proved with the self-help groups that a sustainable business model could be created that benefits both the organisation and clientele while improving their welfare. Pivotal to this success was the foundation of trust that existed between the two contracting parties.

Figure 2 Trust Structur



Zsolnai (2004) defined a framework for discussing trust structures. The perceptions of trust and competence were combined to define the different trust structures. The resulting categories are the following viz

- a) High-level honesty and high-level competence generate trust.
- b) Low-level honesty and high-level competence generate negative trust.
- c) High-level honesty and low-level competence generate distrust.
- d) Low-level honesty and low-level competence generate lack of trust. (Zsolnai, 2004).

The implications for organisations that are categorised by potential clients in any of these quadrants may well be a social categorisation that would determine how, when and to what degree they would interact with that same organisation.

How people interact with, or do not interact with, organisations is to no small degree based on how they view themselves. People look at themselves in an evaluative way, approving or disapproving of their behaviour or characteristics. This process is

referred to as self esteem (Maslow, 1954, 1970), and most recently Barret (1998), evolved a hierarchy of human needs. The basic needs were listed as physiological, safety, affiliation and love, self-esteem and finally self-actualisation. Maslow proposed that it was indeed a hierarchy and that the continued satisfaction of one need, surfaced the desire for the next need to be satisfied, e.g. if a person knew that they would have a meal every day, the dominant need would then become to find a place to live. It doesn't mean that they will never go hungry again; it does accept that hunger is no longer seen as a driving need. Both Maslow and Barret accept that people don't always operate according to the strict hierarchy of needs, citing the example of artists who produced great works of art in abject poverty as exceptions to the rule. Barret is more flexible; presenting that people will over the course of their lifetimes fluctuate between the various levels of needs. Frankl (1963) believed that people could reach the higher order need of self-actualisation without having the lower needs satisfied. His experiences in a Nazi concentration camp left him with a belief that (hu) man is driven by a search for meaning. This search for meaning in everyday life is buried under an excess of wants that entrench the lower needs of self-esteem or low self-esteem as drivers of behaviour.

Maslow distinguishes between the needs as deficiency and growth motives. His explanation can be compared to Hertzberg's Hygiene Factor Theory. Deficiency motives encompass all physiological, safety, affiliation and self esteem needs. The achievement or satisfaction of these needs lead to a decrease in tension, or, as Hertzberg explains it, it eliminates dissatisfaction. If a person is operating from a

¹² Self-esteem comes from the Latin word, *aestimare*, "to estimate or appraise." Self esteem thus means to appraise the worth of your behaviour and characteristics.

deficiency motive, then applied negatively because the objective is merely to evade unpleasant circumstances and to survive. “ (Meyer, Moore and Viljoen, 2003). If a usually competent person misses the Receiver’s tax deadline in year one, and for various reasons including procrastination, finds herself in the same position in year two, low self - esteem results in seeing this (the incomplete tax returns) as incompetence. The evasive action is not to hand it in and thereby avoiding the “unpleasant circumstance “ of explaining why she missed the deadlines in the first place. This kind of behaviour has a compounding effect, embedding currently held views of low self-esteem.

Maslow further classifies self-esteem into two sub categories viz

- Internal affirmation needs that are satisfied by a person’s own “efficiencies, capabilities, achievements, confidence levels, personal strengths and independence.” (Meyer et al, 2003)
- External affirmation needs that are related to how the external world recognises and appreciates the individual’s competence and characteristics.

Fulfilled self-esteem needs result in people feeling confident and competent.

Unfulfilled needs, in contrast, leave people feeling useless, inferior, weak and devalued. Comparisons also seek to develop self-esteem (Louw, Van Ede & Louw 1998) either positively or negatively. If evaluated against a norm (a member of a peer group), then better comparative performance results in a positive self-esteem.

Rogers (1980) concluded that decisive studies had proven that self-evaluation based on what others think of you, or you surmised they did, decisively affects people’s self esteem. This can be linked to less direct actions than feedback, e.g.

“discriminatory laws, rules and regulations contain negative evaluations of people’s worth, role and status.” (Jordaan & Jordaan, 2000) e.g. a person whose application for a loan has been declined will inherently feel less about him or herself after leaving the bank.

Brennan and Pettit (2004) offer that esteem is a commodity in much the same way as land, labour and capital. It is not tangible therefore may appear on the surface not to be as tradable. They propose that esteem and low-esteem can avoid the problems of enforcement and “give rise to certain norms” which will change behaviour for the better. This could result in the improvement of behaviours like littering. This is similar to the Positive Deviant Model¹³. The Vietnamese government after 10 years was unable to bring malnutrition amongst infants down from 90%. A Texan doctor and his wife achieved this in 3 years. They did this by finding the mothers who had healthy children and “shone the light” on them causing a change in behaviour amongst the majority. Inherent in this, is the understanding that human beings will in all likelihood compare themselves to others and strive to achieve what they assume to be a “better” behaviour. The complexity of human behaviour and the relationships this creates should never be underestimated.

Frankl (1963) held a view that human beings are more than just body and psyche. We are neither one nor a combination of both. “Due to our spiritual capacities, human beings are free, we are open systems” (Meyer et al, 2003), we are open to ourselves and towards the world having the ability to impact and change both.

¹³ Jerry and Monique Sternin in Vietnam piloted this in the late 1980s.

Stacey (2000) determines that the links between cause and effect become distant in complex systems and are hard to detect. He further infers that chaos theory suggests that it might be more extreme than that – the links can disappear altogether. People will often look at developing markets and mistake the complexity for chaos. Senge (1990) advises that any attempts to align mismatches between reality in a complex system and the way we think about that reality, is to let go of the notion that cause and effect are close in time and space. Stacey (1996) narrates the story of Barings Bank. This bank had existed for two centuries and had displayed huge stability in that it was still recognisable as the Barings of old. It had existed in a state of equilibrium in spite of global changes. On the surface, an overconfident young man named Nick Leeson brought it down. He argues that on investigation the self same bank in the form of its shadow system conspired with Leeson to destroy the bank. He concludes that human systems are complex, adaptive and non linear.

Luhman and Boje (2001) support this view offering this presupposition: "Life systems are very complex and ever changing and are thus very hard to model; any ignorance of the initial conditions of a life systems make any predictions impossible; order emerges out of chaos; irregularities emerge out of order. "

Cilliers (1998, 2001) and Stacey (2000) suggest a number of characteristics that identify a complex system. Table 3 discusses these characteristics.



Table 2 Characteristics (Barnett, 2001 and Stacey, 2000)

Characteristic	Detail	Discussion
Size	Must consist of a large number of elements.	A small number of elements can be defined conventionally. However conventional understanding ceases in a large number and is impractical.
Interaction	Elements must interact with each other dynamically. It changes with time.	The interactions do not have to be physical; they can also be the transfer of information.
Connectors	Rich interaction. Connected to a few others	Gladwell (2000) talks about the “connectors” i.e. people who are more richly connected than others
Linearity	Non-linearity is a precondition. Small causes can have large results i.e. the idea of a butterfly flapping its wings and causing a typhoon in the other end of the world.	Linear systems can be collapsed into a smaller system.
Degrees of separation	Interactions are short range although long-range interactions are possible.	Gladwell (2000) suggests that people are connected by no more than six degrees. Some get feedback from immediate neighbours but influence can be wide ranging depending on the connectors. Also allows for the evolution of information along the way.
Recurrency	There are loops in the interactions.	The feedback can be positive or negative.
Limits	These are open systems.	The border is hard to define and is usually done so by the position of the observer and the purpose of the description.

		ie dynamic is at the edge of chaos. The tension between stability and instability allows for the emergence of novelty. It also allows for the extinction of a few small and large events.
Equilibrium	Operates far from equilibrium	Newtonian science operates in equilibrium. Complex systems have creative tensions that require a constant flow of energy to maintain.
Time	Evolve over time.	Complex systems have a history; their past is co-responsible for their present.
Consciousness	Each element is ignorant of the behaviour of the system as a whole.	Complexity is the result of the rich interactions of simple elements that respond only to the information immediately available to it.
Governance	Self regulating	Complex systems are self regulating, learning systems. There are no formal channels for making things happen. Interactions occur on the basis of local organising principles.
Results	Unpredictable and not by design	Create the context within which they themselves take place.
Diversity	This is a prerequisite for the emergence of the new.	Spontaneous changes in the system occur when the elements display difference.

The ensuing conclusions were that they began to realise that these characteristics were part of a “wider set of linkages.” (Brooks, 2005). Successful organisations of the future applied customer intimacy to all clients and not just the privileged few. Strategically they would have to understand “that knowledge flows in a complex network of relationships” (Venkatraman & Subramaniam, 2002) that existed in a symbiosis with the environment they found themselves in. Strategy must be seen as

a “social practice” (Bro the relationships that comprised this complex system could be assimilated and understood.

2.5. Strategic Implications for organisations: Can we stay together?

In a New York Times article (1970), Milton Friedman emphatically declared, “The only social responsibility of a corporation is to increase its profits. It is but an instrument of the stockholders who own it.”

Porter and Kramer (2002) argued differently. Their view was that Friedman made the statement based on two assumptions viz. the first being that social and economic objectives are separate and distinct, implying that a corporate’s social spending comes at the expense of its economic results. Secondly corporations addressing social objectives provide no greater benefit than is provided by individual ones. Their discussion follows that the strategic use of the corporate philanthropy to improve the social and economic context of the environments they operated in. The long-term results of this saw benefits for both the organisations and community.

Prahalad (2004) evolved this thinking to new heights. He recommended that a partnering approach be taken to helping the poor. They should be seen as value-conscious customers and the provision of win-win solutions which would benefit both the individuals and be profitable to the organisations. Where he evolved the thought leadership was his suggestion that this should NOT be part of a corporate philanthropic strategy but should instead sit at the heart of a corporate strategy.

This was a revelation.

The corporate world had been built on the Friedman premise and Adam Smith's "invisible hand." The fittest shall survive while we cull the weak. The very foundations of the corporate structures were shaken and awoke to the dawning realisation that there might be some truth in this. Prahalad cited the success stories of ICICI Bank, Casa Bahia and Cemex¹⁴. The challenge to organisations was to find a way to make this work.

The Red Queen said, " Now, here, it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as far as that."¹⁵

Back in 1996, Hamel carved a place in the annals of the history of strategy for the "rule breakers." He argued that pursuing incremental returns while rivals reinvented the industry was "like fiddling while Rome burns". Perhaps more than growth alternatives organisations required a break from past patterns and traditions and enter into new and uncharted territories. Kim and Mauborgne (2005), encourage companies to create uncontested market space and make the competition irrelevant in their creation of what they termed Blue Ocean Strategy.

Remaking Strategy requires an obsession with intent and a focus on purpose.

Hamel and Prahalad (1989) quote Sun Tzu, "All men can see the tactics whereby I

¹⁴ Prahalad, C.K. *The Fortune at the bottom of the Pyramid*. The book contains narratives and a CD, which contains the case studies of the companies listed.

¹⁵ Carroll, L.W. *Through the Looking Glass*. New York: Heritage Press. P41.

conquer, but what non high great victory is evolved.” They discuss the obsession with winning that has built global companies and term that obsession strategic intent. Companies and countries have built successes completely out of proportion with their resources and capabilities. A university student started Dell Computers in a garage. The Indian information technology industry has succeeded in a country with minimal infrastructure and continues to grow at a significant pace. Infosys currently employs 53000 employees and is looking at growing that by 22000 people by the end of 2007.¹⁶ The industry itself is growing at between 30-40% annually. These organisations and countries are “shackled neither by convention nor by respect for precedent, they are malcontents, the radicals and the industry revolutionaries.” Hamel (1996). It is these “malcontents” who will see the implications for organisations.

2.6. Conclusion

For organisations looking for competitive advantage and sustainability, there is a way of achieving this. It requires the willingness to see the world through a different lens and one that requires people to move out of their comfort zones. From the foregoing there are ideas that become evident.

Organisations that survive into the future will be those that are driven by an underlying philosophy that embraces and respects the fundamental dignity of all human beings. The paternalistic approaches of regarding low-income consumers as either deviant or calculated adaptations (Mullainathan et al, 2004), must be

¹⁶ Information shared by Infosys to GIBS MBA students visiting India in 2006 on their Global Elective.

transformed to absorb (Mullainathan et al, 2004) have gone on to offer. The poor are prejudiced only by the narrow margins of error that their circumstances allow for. They exhibit the same biases and weaknesses as the better off (Mullainathan et al, 2004). In this context, organisations live in a symbiotic relationship with the markets they currently conduct their business in and equally ones they aspire to.

Markets are therefore complex systems that are not predictable in rational terms. Attempts to understand low-income markets through purely rational, scientific terms will leave confusion and failure in its wake. Markets are in fact adaptive, non-linear (Stacey, 2000) and learning organisms driven by the relationships that connect them. Relationships are the sum of the people that enact them.

Key to understanding a complex system is to understand the relationships and therefore the people. People will ultimately act on how they perceive reality and not on the reality itself. Understanding this reality comes from being able to empathise and not attach judgements, which are rooted in a different socialisation of the world. If people make heuristic judgements (Shefrin, 2002), then it becomes imperative to understand the underlying factors like trusting and esteeming which drive their behaviour.

Social and economic change operate in a cycle which can be either vicious or virtuous, as social change always runs on delayed timeline to economic change (Tischler, 1999). It would be shortsighted to assume that these two factors exist in a mutually exclusive way. Neither one can be independently sustainable.



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Organisations have a r team, which in turn impacts social change.

3.1. Research Question

This project has conducted exploratory research in an attempt to answer the following questions viz

- Are there any prevailing perceptions and myths in existence in respect of the banking sector?
- How do these prevailing perceptions and myths influence consumer behaviour in respect of the banking sector?



4.1. Research Approach

Researching human behaviour can take one of two primary approaches. The first is the scientific approach, which is limited to what can be observed and measured objectively (Welman & Kruger, 2001). This usually occurs in the form of quantitative research. Anti-positivists oppose this arguing that human experience cannot be separated from the person experiencing it. A simple example to illustrate this is a fly struggling in a bowl of soup. The positivists would watch and observe the fly from afar, detailing their observations, defining a theory and in the end trying to apply it to all flies. The anti-positivists, would jump into the bowl of soup and have the same experience as the fly, literally experiencing it in their bones and then detailing their empathic view of the fly's experience (Welman & Kruger, 2001). This usually occurs in the form of qualitative research where an attempt is made to understand human behaviour versus trying to explain it.

This research project takes the form of qualitative research.

The unbanked and/or underserved market has been surveyed in various forms e.g. the annual Finmark Survey, and other forms of market research conducted by the banks themselves. All of these surveys have sliced the data into numerous demographic splits that the organisations continue to use to drive their decision making for this market. A noticeable gap has been in describing and understanding rather than explaining human behaviour. Patterson (2005) maintains that qualitative research is an innovative way to capture rich insights into processes, relationships,

settings, products and complex with a blend of emotive and logical behaviour. To focus on what would appear to be only the logic, leaves half a story untold.

Qualitative researchers argue that one can truly claim to “understand” a particular set of events only if they are assessed within the whole context, and only if the extent to which that context confers meaning to the events is acknowledged (Babbie et al, 2001). The current approach to the unbanked and/or underserved market assumes that the answers “cost” and “access” provide the full context for the “event” of not using banks. This research suggests that perhaps this is not the entire context, and there could exist a more holistic view of human behaviour that could explain this event.

Luhman and Boje (2001) offer the view that narrative is an act whereby an individual, group, or society; constructs their knowing into telling, endows their experiences with meaning and sends messages about the shared nature of reality. Bolger *et al* (2003, p.580) further bolster the view that qualitative research offers the opportunity to investigate social, psychological and physiological processes within everyday situations. This research takes a social science approach, whereby knowledge accumulates through the elimination of counter hypotheses or alternative explanations of behaviour.

In the search for the information, the phenomenological approach is undertaken. This involved immersion into the lives of the interviewees for a maximum period of four hours. The time period was not predetermined, was rather determined by the

willingness of the inter g with them. It also created some tension for them, as they felt I had become their responsibility. As one person said “I don’t want anything to happen to you. “ The immersion provided some key insights into both the lives of the participants as well as my own personal perceptions. Budd (2005) supports this presenting that it is through perception, intention and cognition that we seek to understand the world, others and ourselves. “ Phenomenology is not a method in itself, it simply offers away of seeing or inquiring about the world. (Budd, 2005.)

4.2. Population

The population for this research consisted of members of the population who are currently unbanked, either having never had a bank account or are underserved or who have exited the banking sector. These people consist of approximately 53% of the population and are a largely untapped market.

Accessibility to the population using convenience and cost efficiency as key drivers was the starting point for defining who the participants would be. The population has therefore been limited to participants located in the Gauteng Province, residing in the township of Alexandra.

The objective of this research is to investigate the existence of possible reasons as opposed to finding definitive ones; the need for population validity is largely nullified.

4.3. Sampling

The research sample (n) consisted of interviews with a six individuals using non-probability convenience sampling. Respondents are selected for availability and convenience given the limited time and resources available.

Martyns et al (1999) maintain that non probability convenience sampling has no way of estimating the probability that any element will be included in the sample, and therefore there is no way of knowing whether the sample is representative of the population. Snowball sampling mitigates this risk. The interviews started with people known to the researcher and then built towards a network of people known to the respondents. This approach also supported the need for convenience.

The resulting weakness of people self-selecting into the data is overcome by the need for ideas and insights that are key in exploratory research (Martyns et al 1999).

4.4. Data Collection

One-on-one unstructured interviews were conducted with consumers to understand “ how individuals construct the reality of their situation formed from the complex personal framework of beliefs and values, which they have developed over their lives in order to help explain and predict events in their world” (Easterby-Smith et al, 2002). The technique applied was empathic interviewing. It is a technique that draws from the wisdom of sociology, psychology, market research and anthropology (Aaker *et al*, 2003).

There was a clear acceptance of the “I don’t know”¹⁷. The unfamiliarity (Huysamen, 2001) notion made unstructured interviews the only way to approach this exploratory piece of research.

The researcher conducted these with the assistance of a translator when required.

4.5. Data analysis

Wong and Blandford (2004) trialed a data technique called Emergent Theme Analysis (ETA). It was born from an understanding that “understanding complex work settings is demanding: there is a need to gather appropriately rich data on the work and apply rigorous qualitative analysis techniques”. Analysis of qualitative data allowed broad themes to emerge and was further distilled into logical groupings. Some of the merits of this type of data analysis are that it promotes exploratory research and allows insightful themes to emerge; it balances theory and emergence (allows for new concepts, ideas and relationships but can be systematically analysed using theory), and finally is fast and practical. As with all experiments, it had some drawbacks that the authors noted as reflexivity (interviewer bias), representativeness (population validity) and breadth of issues (situational variety in naturalistic situations).

ETA supported the exploratory nature of this research and ultimately the analysis should be rich enough to allow the reader to make his or her own judgement.

¹⁷ Johari’s Window – a metaphorical tool created by Joseph Luft and Harry Ingham (Joe/Harry = Johari) in the United States in 1955. It was used to help people better understand their interpersonal communication and relationships. It is now a commonly used framework in business schools across the globe.

As this is intended to be a form of analysis on the primary data will be to determine major themes or trends that may emerge from the interviews. The sample size does not warrant the application of any scoring technique.

4.6. Potential research limitations

The research is limited geographically, and has only taken place in Alexandra in Gauteng. This prevented the extrapolation of this information to a broader geographical population as Rogerson (2000) suggests that each informal settlement has relatively unique characteristics. South Africa has changed rapidly since 2000 and access to information networks, has started to provide a generic sense of what is a national trend versus what is a localised trend. This is certainly less of a limitation than it was six years ago.

The use of non-probability convenience sampling also lends itself to ambiguous results. This does tend to bias the sample in ways that are not readily evident. The respondents are connected to the researcher in various ways as previously disclosed. There would always be the risk, therefore of interviewees attempting to answer in an anticipatory fashion. This does however exist in any form of qualitative data collection, and can only be mitigated by the researcher's experience and awareness in probing these further.

There was the possibility that respondents who trusted the researcher and therefore will respond reactively, providing answers they think she wants. There was little to be done to mitigate this risk other than to be aware of the way answers were being given and probe further if needed.

Interviewer bias was also a risk with regard to leading questions being asked. On analysis of the transcripts, the only item that appeared to have been a leading question was that around bank charges. With every respondent, the interviewer asked, “if bank charges were too high” versus “what do you think of the cost of bank charges?” All respondents answered in the affirmative, perhaps supporting the Delphi Technique that suggests that consistent subjectivity results in final objectivity. Cost of banking was a given barrier to access for this market, and this research did not propose to answer that question, only affirm it.

Social research involving human beings would always require that human nature be factored in. Human beings are vastly complex. There was no control sample for this and it accepted that there was no way to design the research around all of the complexity. Part of this is that transcripts do not capture respondent’s facial expressions, and body language, so researcher is required to build those into the discussion of the results without bias.

Societal evolution is happening at such a rapid rate, that the Alexandra of six years ago is not the same as was experienced by the researcher during this period. It will certainly be different in 2010. As was pointed out by an interviewee “ Ja, considering the system is changing daily, there’s technology, there’s different

educational systems... e, can you imagine in five years down the kid would be well informed by then.” The findings might well need to be updated for relevance in the future.

4.7. Ethics

Ethics in social research has undergone numerous changes over the years. What has ultimately emerged is a consensus that protects participants from the harm that can arise by being “guinea pigs”, as was revealed in the Nuremberg war trials.¹⁸

The consensus used to guide the researcher were the following viz.

- Voluntary participation – participants were advised on contact that they were under no obligation to participate and they were free to choose if they wanted to or not. They were equally free to choose not to answer any question if they were in any way uncomfortable.
- Informed consent – the research methodology, purpose and the consequences (such as in the results appearing in a research document) were explained to all participants.
- Risk of harm – they were assured that no harm would come to them as a result of participating. There was without doubt some suspicion around this from all participants.
- Confidentiality & anonymity – they were assured of confidentiality and that their interviews would not be published with their names or any other identifying detail included.

¹⁸ During World War 2, people (primarily from the Jewish community) were used as “guinea pigs” in a number of human trials carried out over the period of the war by the Germans. The Nuremberg War Trials sought justice for the victims and revealed countless atrocities carried out on them.

All this was explained to the participants at the end of each interview.

In all forms of human research, a fundamental set of values is presumed to exist. The philosophical base that underpinned the research project was one that chose to honour and respect the information and insights that the interviewees had entrusted to the researcher.

The researcher is the research instrument in this study. It required constant reassessing of my own stance on issues versus objective listening to the interviewee. There was also a need for constant self-awareness e.g. during my first interview with Joe, I quickly realised that he could not understand the questions I was asking him. English is not his first language and the words I was using were beyond his comprehension. This humbling realisation early in the interview resulted in it lasting a lot longer than it would have had I carried on speaking in my usual fashion.

Ultimately this was a measure of my own integrity that asked me to accept the answers I received without leading towards the answers I had hoped for.

5.1. Demographics

The interviews were conducted in Alexandra, Gauteng. The interviewees were drawn from a population of people who are currently unbanked or who are underserved in this market. This was done using non-probability convenience sampling. The demographics are represented as follows viz

Table 3 Demographic Details

Demographic Detail	Male	Female
Number	5	1
Race	Black	Black
Place of birth	3 Alexandra 1 Brits 1 Swaziland	Kwa Zulu Natal
Place of residence	Alexandra	Alexandra
<u>Family Data</u>		
Spouse	1 Girlfriend / 4 single	Married
Children	None	4
Siblings	Yes (Refer Appendix 1 for detail)	Yes (Refer Appendix 1 for detail)
Age	Late twenties	44
Employed	2 Employed 3 Unemployed	Yes

5.2. Banking Statistics

All the interviewees were either currently banked or had banked at some point. Of the Big Four Banks, only First National Bank was unrepresented. Savings accounts

were the primary account holders of a loan of R5000 with their bank. The accounts were being used as a distribution channel for salaries, with two interviewees, (1 male and 1 female), this extended to leaving money in their bank accounts as a savings mechanism.

5.3. Data Analysis

The research methodology approach applied in this project was designed to produce narrative data that would undergo thematic analysis. The data was collected through interviews conducted spending a minimum of four hours with the participants. The time spent with the interviewees was used to observe and participate briefly in the lives of the people who consented to be included in this study. It entailed attempting to understand their context through experiencing the sights, smells and sounds. Similar challenges that the participants faced were also undertaken e.g. travelling with the landscaper meant only R10 of financial resources available for the time spent with him.

The interviews were conducted and taped with a voice recorder with the full permission of the participants. As a result of the limited time available the basic theme of the interaction with the banking sector was adhered to. The interviews were unstructured in that they followed no strict line of questioning; they were however restricted to the overall theme. On completion an independent transcriber completed the transcripts. The emerging themes were noted with attached quotes. Notes and observations were also added to the analysis (refer Appendix 1). The analysis was iterative as the constant back and forth to the transcripts saw new

views and themes emerged from the data. In addition, a check to the voice recordings as voice recordings were of a high quality allowing the transcriber to capture 99% of the interviews. There was a check for tone of voice and nuances in the answers to confirm findings and review and add onto preliminary findings.

5.4. Findings: Perceptions

The analysis of the perceptions arose primarily from the interviews and secondarily from observations and notes that the researcher had maintained. This immersion took various forms from either travelling with the interviewees to their homes (e.g. with the female interviewee) or spending time with them at their homes.

The following were the perceptions as indicated by the interviewees viz

Perception One

The bank charges cost more than what I perceive value of the service/s provided.

Perception Two

An often-repeated comment was that people felt they had “no power” to change or question anything with the banks. This presented itself as a recurring theme when the researcher probed if they had attempted any recourse on the bank charges they believed to be “unreasonable.”

Perception Three

A declined loan made me feel less valued.

Perception Four

This was linked to how people perceived the banks viewed them. All interviewees felt that the banks would treat them differently, i.e. better had they won the Lotto and therefore had more money.

Perception Five

Banks are less untrustworthy than the people around me.

Perception Six

In response to the question, “Do you link the banks to the Old South Africa or New South Africa (Rainbow Nation)?” there was again a unanimous view that the banks were viewed as part of the New South Africa.

Perception Seven

The bank must be connected to my heart.

Perception Eight

Banks provide loans and savings account.

Perception Nine

I turn to my friends and family for advice and support.

An in depth discussion of these results and their implications is undertaken in Chapter 6.

5.5. Findings: Myths

There were two strongly prevalent myths that appeared to be circulating in this community. They are viz

Myth One

The banks are linked to the government and in ways unknown to the interviewees, they will be taxed on the money they have as a result of the government having sight of it through the banks.

Myth Two

There appeared to be a new enemy in the country in the form of Barclays. Where the banks are now perceived to be part of and supporting the Rainbow Nation, there was an indication that the threat would now come from global players who would increase charges in line with the home country costs.

An in depth analysis and discussion of these myths is undertaken in Chapter 6.

6.1. Introduction

“Storytelling is an ancient art of conveying real or fictitious events in words, sound or images” (Wikipedia, Wikipedia.org. accessed 11/11/2006). It is an art that has been lost over the years as the world converted to other mediums of communication. This loss included the delicate nuances of emotion, feeling and perception that were derived from both the teller and the audience.

The discussion of these results takes the form of a narrative. In doing so the focus of the discussion is primarily on the people centred emotions e.g. trust, esteem and therefore focuses primarily on those components of the literature review.

6.2. The entry point

In the interviews conducted, a story emerged that needed telling. This was the story of five black males, all in their mid-twenties and a woman who could be their mother.

In the turbulent history of this country, these men were born in the mid- seventies around the time of the Soweto riots. This was a time when the youth took a stand on an unacceptable life, when society and business were silent. The woman would have been fifteen years old. The Banking Sector was very different then, Absa didn't exist in its current form, Nedbank was the bank for the rich and there was a sea of smaller banks and building societies e.g. Trust and Allied.

If we fast-forward to the present, they now all reside on Alexandra, having seen the birth of the Rainbow nation and felt the hope that it presented. Their lives carry out in a tumultuous world that mixes the poverty and chaos of India on the one side (Alexandra) and the order, sterility and wealth of Singapore (Sandton) on the other. It is an unpredictable world, a world that requires you to “grow up very quickly than what you’re expected to because of the lifestyle around you and the things that happen around you, and the past and where the future is going to be taking you.” (Interviewee 4, 23).

It is as much their story as it is mine. The seven of us came together at a point in time in our lives, and their story has provided clarity to mine and transformed the way in which I view our worlds, which I no longer see as separate worlds.

6.3. A Story

Their story is one of a generation who had more opportunities than the previous one. They had all been to school and only two had completed matric. Of all six (incl the woman), three were currently employed. One was self-employed, fitting blinds. The other two had voluntarily left their jobs citing boredom (“...so the work was monotonous...”){Interviewee 3, 26} and lack of career mobility (“...If I want to move on and I feel I have the capabilities to move on...”){Interviewee 4, 23} as exiting reasons.

Alexandra itself has areas of abject poverty mixed with areas that appear to be better off. The poverty is a concern (...“Well I wouldn’t say I’m comfortable...”)

{Interviewee2, 26) and ppiness and I keep going, is to see other people around me keep going. If they are not then – ahh, I’m as good as nothing.”) {Interviewee 3, 23}. In spite of it all they love living in Alexandra (“ And I wouldn’t think of moving out of Alex; even if I have to, I wouldn’t go too far, just to be in touch with the people I know, that I lived with and basically life is just easy in Alex. I prefer in Alex.”) {Interviewee2, 26}. The energy and aliveness one feels in Alexandra is tangible. Sunday afternoons are a hive of social activity from a shebeen that is host to yuppies in fancy cars to the social gatherings in the neighbourhood. The MTN (Meat Too Nice) butcher shop provides a variety of meats or you could just as well purchase it from the vendor on the street if you are in a hurry. Alexandra’s residents will proudly tell you that they welcome all nationalities unlike Soweto were birds of a feather flock together. During the time spent with them (the interviewees) travelling on taxis, drinking beer in a shebeen and walking though Alexandra it became increasingly apparent that they were no different from anyone else. They had the same hopes and dreams and challenges (on a different scale perhaps). They too had perceptions and myths that constructed their reality for them. This research was designed to explore this reality in respect of the banking sector.

There were eight key perceptions that emerged from the interviews undertaken in this specific Township. As discussed in Chapter 4, there is a high degree of risk if this is applied across other townships. Rogerson (2000) reflects that each informal settlement is unique in the characteristics that define it.

Perception One was in which participants reflected the view that bank charges were too high in relation to their perceived value.

The first three interviewees had the question posed in manner that might be construed as a leading question.

“So bank charges are too high?” Interviewer to black male, 27.

“ You think bank charges are too high?” Interviewer to black male, 26.

“ And did you ever feel bank charges were high?” Interviewer to black male, 26.

However on reflecting on those interviews this question was changed and interviewees were asked a generic question “ What do you think of bank charges?”

The responses from four of the male interviewees were unanimous that the charges were too high.

“Too high” Interviewee 1, Black male, 26.

“ Mm-hm, I think that they are too high. Some of them are just unreasonable...” Interviewee 2, black male, 26

“Sometimes”. Interviewee 3, Black male, 26.

“ Its funny. There’s a point where I think they are fair and there’s a point where I think they are really not fair. They are fair but sometimes they’re just a bit too high for a service that’s supposed to be helping us.” Interviewee 4, Black male, 23.

The female interviewee (44) said the following “Oh, they are not that big.”

All the research conducted on this issue as a barrier to entry for consumers in the banking sector. It has been the subject of press coverage for at least two years following on from the Falkena Report and investigations conducted by FinWeek over the last year. The current investigation by the Competitions Commission is also a recent item in the press. The extent to which this has filtered to the group through their own social networks was not tested during these interviews. At this point it would have been easy to close this off and assume a confirmation of what we already know.

The sheer beauty of storytelling is that the teller always has more to say if you are willing to analyse further. In this instance, it unveiled a view that in summary said “ I think it is fair to pay bank charges, but the current charges are too high for me.”

“No nothing is for free firstly. “ Interviewee 2, Black male, 27.

This is not the stance of people looking for a free ride but in fact indicates a willingness to pay for the service. Where rational economics would have based decisions on this alone, Lambert (2006) and Mullainathan et al (2004) asked us to take a different view. Mullainathan *et al* (2004) are definite in their view that the poor are not deviant (looking for free banking) but in the fact the high cost of banking has a greater impact on their lives.

As any self-respecting accountant would point out, this is a materiality issue. When someone is earning R40000 per month, R35 on bank charges might not seem like a lot of money. The percentage of the total is in fact immaterial. When one earns

R265 per week, then R 100 is equivalent to 5 loaves of bread. The gravity of the situation starts to sink home. The decision points, on what one does with R35, rest between both eating a meal and going hungry. If someone removes this from your bank account for what appears to be of no real value, then the obvious instinct is to reject the services being offered. Shefrin (2002) suggested that people make heuristic judgements, i.e. based on approximate rules of thumb rather than on a strictly rational analysis. The choice therefore of using banks accounts as a salary distribution channel, resides in the judgement people make between the value of the service and the cost of utilising that service. In this case it's perceived as too high against the perceived value it provides.

Surfacing from the interviews was a sense that this group had strong views on the cost of bank charges, which emerged from actually looking at their bank statements, and understanding what had been deducted.

“If they see I've got more money they take it – they take more but if I don't have money, they just take small amounts.” Interviewee 1, Black male, 27.

“And they are charging us for withdrawing money out of the bank which is our money at the end of the day. So this is way too many charges.”

Interviewee 2, Black male, 26.

“Yes they did. They gave me my bank statement.” Black female, 44 (in response to the question “And did you look at your bank statement?”).

There is no scientific evidence suggesting high. It did indicate the awareness and wanting to know what was being deducted from bank accounts.

Prahalad (2004) maintains that low-income consumers are value conscious. Value conscious in this context is translated as a perception of how much I am willing to pay for that service. There is an underlying sense that it does not create much value, and in fact is perhaps seen as a value destroying activity i.e putting our money into the bank.

“Because I could be rich if I didn’t have to bank – if I just had to make money and put in the bank where it doesn’t charge anything, I could be rich then,”

Interviewee 2, Black male, 26.

Charges are seen here, as a distinct sense of loss, and this interviewee understood that banks take deposits and on lend that money to other customers. He had a basic view of the fundamentals of banking.

When questioned if anyone had queried the validity of the charges with the banks, every interviewee including the most confident, looked distinctly uncomfortable.

They have not queried the charged with the bank. There was a general attempt to deflect the question with vague answers.

“ No I didn’t go there.” Interviewee 1, Black male, 27. When prodded he dug his heels in about not going to the bank. He was distinctly uncomfortable with this question.

“ I don’t pay attention to whole lot stuff because things are mostly straightforward.” Interviewee 3, Black male, 26.

“ I feel they – th; ne with this – whatever I’m doing at the moment because I worry about too may things – to me not so – such small things you know.” Interviewer 3, Black male, 26.

“ Maybe because of I never have time; I never been like going to far as to try and get some information.” Interviewee 4, Black male, late 20’s.

This unease in terms of questioning the bank indicated an underlying symptom that they were unable to or unwilling to articulate. This was visible in the nuances contained in body language and tone of voice e.g. loss of eye contact, shifting in their seats, voices dropped and there was some stammering.

Further questioning raised **Perception Two**. There was an unambiguous view that the interviewees felt disempowered.

“ I don’t have the power to go and ask that” Interviewee 1, Black male, 27.

“...Because I wouldn’t have enough power.” Interviewee 2, Black male, 26.

“...But I do not think that I have a option as such to say no, this is what you should do or voice my opinion out. “ Interviewee 3, Black male, 26.

At the heart of disempowerment sits low self-esteem. People who have low self-esteem are less likely to assert themselves even if they know themselves to be right. If people feel disempowered then the natural reaction to counteract what is essentially a negative emotion, is to avoid what appears to be the cause of it.

Self-esteem is essential for improving or disapproving, of ourselves. In the hierarchy of needs as proposed by Maslow (1970) and Barret (1998), it would be effortless to assume that unless lower needs were improved e.g. an increase in income or the provision of housing, that people were unlikely to focus their resources on banking and wealth creation. That assumption alone could allow banking organisations to validly abdicate any responsibility to this segment of the market. Both Barret (2003) and Frankl (1963) argue differently to Maslow saying that this is not a strict hierarchy and people can achieve higher order needs without having achieved lower order ones.

Esteem can be allotted to various facets of life e.g. social esteem that is the ability of people to be socially interactive. In the same way esteem can be linked to economics, which is the ability to create wealth for us. If people hold themselves to be incompetent in this arena, it results in low esteem. If rules and practices (Jordaan & Jordaan, 2000) reaffirm this e.g. declining a loan, then it further embeds the low self-esteem. This can for low-income consumers become a vicious circle if organisations are continually embedding this perception (albeit a self created one). This also creates the discomfort people feel about querying their bank charges. The thought driving them is “what if I’m wrong, I’ll look stupid” or if they are wrong then “I can’t make them change it anyway.” The challenge for organisations is to find a point that turns this into a virtuous cycle that benefits both the organisation and consumer.

While talking to them, interviewees had an emotional impact on the interviewees. This led to **Perception Three** where a loan declined made me feel less valued.

“I would feel that I’m unimportant that I’m – I’m just another client and they wouldn’t really care because at the end of the day as soon as I leave and cancel my account, someone come in, signs a new account.” Interviewee 2, Black male, 26.

“...and I’ve got a brilliant idea for establishing a very viable business but I do not have anything to offer on hand, you know – and then I’m a black person, they’re going to look at me and become sceptical about giving me the money. But if it was somebody of any colour, if that person went there they would think – they would say “yeah, but ok we’ll give you chance in this way,” you know.” Interviewee 3, Black male, 26.

Deficiency motives on the hierarchy of needs cause people to apply their cognitive abilities negatively because “the objective is to merely evade unpleasant circumstances and to survive.” (Meyer et al, 2003). Instinctively it would seem that applying for a loan is seen as a measure of acceptability. Declining the loan creates a sense of people feeling less or devalued. The racial tension “and then I’m black person...” is easy to understand given this country’s history. It is indicative though of the underlying tensions that have yet to be resolved. These are not forty year olds but young men in the prime of their lives indicating a sense of racism and attaching that to the actions of the banks in declining a loan.

It would be interesting if the banks were to apply a “both and” approach i.e. if people were found to be non suitable candidates for loans, then perhaps offer them an

alternative savings pro e the necessary track record for payment and regular income. Instead of people feeling less valued purely on the decline of the loan, there would be the added benefit of someone attempting to help them with an alternative.

Perception Four details a view that all interviewees held that banks would treat them better if they had more money. The question was posed “ If you won the Lotto, do you think the banks would treat you differently than they do today?”

With much laughter and smiles in anticipation, there was general agreement that they would be treated better. The question posed as such, tested two issues. It tested on the one hand how the interviewees viewed their current treatment at the hands of the banks. On the other hand it tested, their perception of how the banks saw them.

“They obviously would. They would. You know, firstly they would want to like call you in, you’re no longer on the queue now, you are being called to the back office now. You’ve been given tea now ...” Interviewee 2, Black male, 26.

“Ja.” Interviewee 3, Black male, 26.

“Ja-ja that’s exactly what I’m saying, they don’t value you. That’s how I would feel. I would feel that they are not valuing me and they won’t even pay attention to that issue because as I’m saying, they don’t care. They know they’ve got clients; they always have clients.” Interviewee 2, Black male, 26.

If people accept they will be treated better in the future as a result of a reason that “lifts” their profile in their eyes, it acts as a validation for how they currently see themselves. This is once again linked to self-esteem, where consumers are evaluating themselves against how they perceive the banking sector to see them. Their current sense is that if they had more money (thereby attaching a value to themselves), the banks would treat them “better.” My feeling was that they did not think themselves to be very highly regarded by the banks. Finscope 2005 supported this when it revealed that 49% of respondents felt that the banks showed them no respect. This could potentially result in hesitancy in the way they currently interact with the banks, leading perhaps to what can be construed as a “grudge purchase.” This is usually an interaction where they are forced to interact e.g. if an employer pays a salary into a bank account and the money is then usually withdrawn almost immediately. This is an opportunity loss for the banks.

When asked the direct question “Do you trust the banks with you’re a money? “ Most respondents said yes, but it was in comparison to less trustworthy alternative like girlfriends or children. This amounted to **Perception Five** that held the view that banks were not trustworthy but less untrustworthy.

“I don’t think they will tell me the truth.” Interviewee 1, Black male, 26.

“Ja. Just imagine if I had R50million and put it under that thingy – the couch and one day it caught fire, hey. So if somebody steals from the bank, I know my money is safe.” Interviewee 3, Black male, 26.

“ Ja. Unlike tryin ge or something, any old person can walk in and – you know, and I’m chilling in my room or I’ve got a girlfriend and I explain to her “oh this is my money.” And two days later its gone,” Interviewee 4, Black male, 23.

“ I trust the bank with the money because if I put my money at home, I’ve got kids, maybe they will see my mum has got so much money and they will ask for it. But if my money is at home, anything can happen here.” *Interviewee 6, Female, 44.*

“And secondly, when somebody else dies...their families will come into the house and search for the house and find the money. And then if you’ve got kids when you die, if your money is at the bank, they are going to find your money safer, nobody is going to take it. But if you die in your house – your money is in the house – families are going to take your money and no-one is going to see that but the banks its safer.” *Interviewee 6, Female, 44.*

Zsolnai (2004) in his trust structures model would position this as negative trust leaning towards lack of trust. Banks are seen to have a competence with regard to keeping money safe and more importantly there is the possibility of recourse should something happen. At the same time, there is a low overall trust component that indicates people are still reluctant to fully engage with the banks.

Trust has components of emotional and logical behaviour. It requires on the part of the truster to make themselves vulnerable. If they anticipate that this vulnerability will be violated, then the reaction would be to hold back in the relationship. Building relationships require the creation of a place of safety, where people do not feel

unsafe and live in fear g a mole where every time you pop your head up, someone is waiting to thump you back in place. Over time you will stop popping your head for of being thumped. Sako (1992) described it as expectation held that the other will “behave or respond in a predicatble and mutually acceptable manner.”

South Africa’s apartheid legacy is a key contributing factor to the lack of trust that large organisations face.

In light of this the respondents were asked how they saw the banks – Old South Africa or Rainbow Nation? The surprising result was that all participants save one, positively affirmed the banks as being part of the Rainbow Nation that defines **Perception Six**. They could not articulate why this was so, but they had a view that they were supporters of the Rainbow Nation. Absa had the strongest brand presence. Two interviewees had even more surprising comments.

Interviewee 3, Black male, 26, displayed surprise that Absa comprised seven Afrikaans banks. “No it doesn’t bother me.”

Interviewee 6, Black female, 44, “ You know what, it’s a part of the new South Africa because the old South Africa, people they didn’t put their money in the banks. “

Notwithstanding the lack of trust and the feeling of being devalued consumers still associate banks with the New South Africa, which is an enormously positive message. It symbolises hope and a movement in the right direction. For organisations that are flexible enough to stay with the times and find a way to hook

onto consumer's emoti ; an opportunity to equally lift market share.

This was obvious in the way people talked about the banking brands leading to **Perception Seven**. The connection to the brands was emotional as opposed to the superficial hip and yuppie view.

“ Ja, it captures you – your thingy – your brains. It triggers in your brain that this is the person I want to associate myself with;” Interviewee 3, Black male, 26.

“They captured me. The very first time I actually saw it, like – what – today, tomorrow, together. I was just captured. I like that and it's short and simple, ABSA. “ Interviewee 4, Black male, 23.

“So you are kind of scared to venture into Nedbank's world.” Interviewee 4, Black male, 23.

For Absa, they have obviously successfully connected with these consumers. For Nedbank while on the one hand it links to being aspirational. The combination of low self-esteem and regarding Nedbank as a fearful world to venture into is not supportive of any attempts to gain market share.

Zsolnai (2004) suggested that trust is an indispensable means to foster economic development. Adults like children grow and respond to the caring attentions of a parent. There is psychological contract in this relationship, which binds parent and children. The glue that is the binding is the implicit trust that exists between both. In

much the same way, trust exists between consumers and banks.

Cant *et al* (2006) refers psychographics as the breathing of life into demographics. The model of consumer behaviour refers to the internal influences that drive this. Inherent in this is the degree to which human beings are willing to trust another person or organisation to act on their behalf and with the best intentions. Robinette and Brand (2001) offer that decisions are influenced by emotions that are deeper and longer lasting than those based on rational thought alone.

The combination of lack of trust and low self esteem, limits the possibilities for both parties. This arose with clarity in **Perception Eight** that was how people thought banks provided help. Their view was that banks provided loans and savings accounts.

“If they want loan.” Interviewee 1, Black male, 27

“Whats the point of banking with them if they can’t help you out whenever you need a loan?” Interviewee 2, Black male, 26.

This is the tiniest proportion of products that banks actually offer. The savings accounts were being used as a distribution vehicle. There was also an indication that money required to start new businesses would be sought elsewhere. Banks would a point of last resort.

“I would...you know in life and you know and they show that again, he would find way out for me...” Interviewee 4, Black male, 23.

The interviewer was adamant that the banks could not understand his business.

“Than I go to an industry that knows nothing about my business- well they say they know business – but not all businesses function in the same way- and get money from them. And at the end of the day when they want their money, they want their money. They are not concerned how it’s affecting me or how hard I’m working to try and get the money back.” Interviewee 4, Black male, 23.

Coupled with lack of knowledge, banks are viewed as uncaring. Their sole concern would be to get their money back.

This ties into the Friedman (1970) view that espoused that organisations are beholden only to shareholders and existed to make profits. It is interesting to note that this is how low-income consumers view the banks. There is a strong opinion that there is no caring for their individual contexts but instead broad brushed as deviant or adapting to circumstances.

The idea of borrowing money from friends and family led to **Perception Nine**.

Social Networks were strong indicators of connectivity and how important relationships were in this area. Zsolnai (2004) offers that in a world where there are no structures to govern, then self-governing based on relationships and trust acts in its place.

“ Actually it wasn’t just about Standard Bank, it was just an account from previous banks. So I’ve been asking several peoples and then they’ve explained this and that. “ Interviewee 2, Black male, 26.

“Ja, because we are all informative in different ways. So whatever information I maybe have, he doesn’t have; and then whatever he has, I do not have; so we share.” Interviewee 3, Black male, 26.


Self – government is a key factor that identifies complex networks (Cilliers, 1998; Stacey, 2000).

While perceptions were based on how people perceived truths and events, there were two very distinct myths that emerged.

The first was in relation to tying the banks to the government.

“I wouldn’t really know how it works between the government and the banks but if you can just think about it – I mean where does the government get all the money from to sponsor all this little things they do for - ...I mean its expensive, where do they get the money? Obviously its our taxes which they are taxing us when we are banking.” Interviewee 2, Black male, 26.

“ But its something that they should consider in having a set amount of interest and no matter how much you are earning, it should just be a fixed amount so that everyone gets taxed equally if you want to call it that way.” Interviewee 4, Black male 23.

All it might require is a  myth, but it would appear that if people tied banks to a government, they run the danger of being vilified for unpopular policy decisions, let alone the plethora of perceptions that exist around the banking sector on its own.

The second myth concerned Absa and Barclays. Barclays is seen as a foreign bank that will now charge their home country rates locally.

“Because they bring their won influence from overseas and putting it into our banking structure and then they – from my own perception, I think they’re making our lives difficult in some way. “ Interviewee 2, Black male, 3.

Where people are operating from deficiency motives (Maslow, 1970) they are going to come from a fear base. With the old enemy (Apartheid South Africa) gone, people might be watchful for a new enemy. Banks embarking on an international strategy might want to spend sometime positioning this amongst the nation’s poor.

6.4. Conclusion

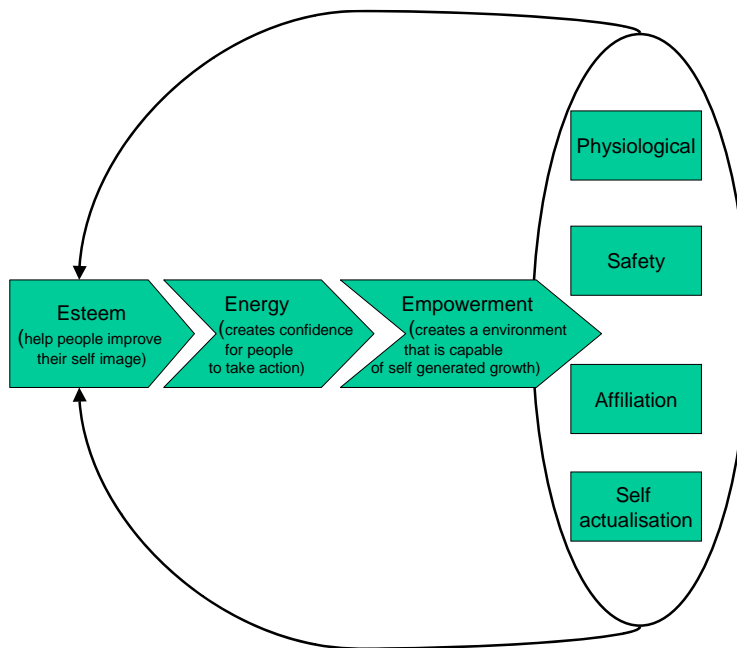
On reflection, a key theme that emerged from the discussions was that of low self-esteem. Self-esteem is a basis of evaluation where people compare themselves to a norm and evaluate themselves against it. The 3E model (Ritter¹⁹, 2006) offers a view of how a focus on increasing self-esteem generates energy (allowing people to act) that eventually sees people being empowered (where they create an environment that is capable of self generated growth). If the 3E model is combined

¹⁹ Ritter, D. 3E Model. Dennis Ritter is the General Manager responsible for HR E-Shared Services in Nedbank. He uses the 3E model as an organisational development tool in his business. He derived this from years of experience.

with components of Maslow's Hierarchy of Needs and the Continuous Cycle of Esteem (Figure 3) is born.

Once empowered people will generate growth in any one of the components of physiological, safety, affiliation and self-actualisation (and not necessarily in that order). For e.g. a small loan to a mother could allow her to send her daughter to dance classes resulting in her becoming a famous dancer. Dancing was the daughter's passion. The daughter with the fruits of her success is able to buy her mother her first home. The money might well not have been used in achieving the "first" need but does result in an improvement in circumstance. Esteem actually if built in small steps can result in any one of or all of the other needs being achieved. If one is achieved, the increased esteem allows you to aspire towards the next. As Luhman and Boje (2001) wisely said: "Life systems are very complex and ever changing and are thus very hard to model; any ignorance of the initial conditions of a life systems make any predictions impossible; order emerges out of chaos; irregularities emerge out of order. " It is the unpredictability of human nature and what people are capable of doing with a little aid, that makes the possibilities so immense.

Figure 3 The Virtuous



If banking organisations were able to apply this to build economic esteem, i.e. deriving products that built esteem by allowing people to develop additional skills and competencies then the result could be the generation of growing income which would mean more profit. Rabin (2002) was on the mark when he said that more psychologically realistic notions of human behaviour should permeate economic models.

This was slice of time spent in people's lives; it provided an awareness of where they are. It certainly is not an end to their story. A concluding thought is that this market is far more complex than organisations perceive them to be. It in fact fits the criteria (refer Table 2) of Cilliers (1998) and Stacey (2000) that define a complex system. In all aspects of size, interaction, limits, equilibrium, time, consciousness, governance and diversity this market is a perfect fit. To apply rational methods in an

in these six stories alone was a small slice of the totality that exists.

6.5. My story

Using the phenomenological approach to conduct research, where the researcher immerses his/herself into the context of the research subject, does not leave you unchanged. Like the proverbial fly in the soup, you are bound to get burnt or learn to swim your way out. This was certainly an out of the ordinary experience that left me changed and stronger for it.

My first visit to Alexandra happened during an elective, Capital Formation and Markets. We had to conduct a comparative study of businesses in the formal sector and the informal sector. We chose to compare panel-beating shops in Alexandra and Wynberg. We (the syndicate group and I) interviewed 3 panel beaters in Alexandra. We used my car and had a guide who set up the meetings for us. I was extremely uncomfortable, constantly worrying about my car, and whether we would get mugged.

It left me afterwards concerned about how I felt and with a greater concern around the future of this country. This was at the height of the Jacob Zuma debacle. If I couldn't identify with the people in this country and was as uncomfortable as I experienced, how could I even begin to think about making a difference? I had a similar question, driving to the Vaal at Easter that asked if I didn't understand people's context, how could I be arrogant enough to propose solutions? Here I was,

given the opportunity to do what I wanted to do was throw up.

Was this an inherent racism I had not dealt with? Kaiden (my son) is bi-racial and what kind of a mother was I going to be if I was a closet racist?

On the global elective to India, we experienced the same poverty and chaos, except it was not hidden as politely as it is in South Africa. We walked around Bangalore at all hours of the day and night. The thing I noticed most was I did not feel the fear in me or imagined hostility toward me. My question was, what was the difference, was it the Indian connection? Did I feel more at home because I was an Indian in India?

After much soul searching, I realised that I had gone to Alexandra filled with perceptions and fears that had no valid foundation. Years of being told how dangerous the “townships” were, and reading and listening to other people’s notions had left its mark on how I viewed the place and its people. I had no preconceptions of India or fears. I resolved to approach this research with an open mind and heart. It made a tremendous difference to my experience and ability to enjoy and see the place and people for what they were as opposed to what I thought they would be. It was a humbling lesson on how perceptions can drive your behaviour and limit your experience and actions. I did not leave with a Mary Poppins view of the world, as there are some harsh realities to be faced. My learner who set up interviews for me was mugged and stabbed one evening after walking his girlfriend at home. My helper lives in fear of the tsoti’s and therefore avoids going home late in the evening.

I have far more respect in terms of the little things e.g. getting to work on time, when you are at the mercy of taxi drivers and an transport industry that is not regulated. Taking a taxi, was a learning experience of note. I hadn't been on one since I first got to Johannesburg and used one to my first interview in Sandton. I have a huge admiration for the courage it takes on daily basis to leave home at 5am, to arrive at work for 8am.

There is now also awareness that these are not people who are helpless and hopeless. I was deeply moved by the depth of the conversations I was able to have. People are full of ideas and suggestions on what could be done differently to help.

“I wish I knew how to run a bank. I would say that if they tried to – I would say with banks, instead of giving out these loans they have, for example – right, to people who want to make it in life, for example – here we have Alexandra, if everybody was to get a loan, the banks would be rich but the only problem is these people are not getting an income. So I believe that banks, instead of trying to give loans to everybody in Alexandra, take whatever they were saying they can afford to, say 50 000 people, in Alexandra to loan, - that amount and develop the place. Change the place so that theres actually an income coming into the place and the banks can take from that. “Interviewee 4, Black male, 23.

The energy, aliveness and will to change that surprised me. It was the same energy I experienced in the east and thought did not exist back home. This abundance does not obviously exist in the places I normally frequent.



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I'm left humbled, move of this country. For the first time I feel I belong and am truly South African.



7.1. Conclusions

53% of South Africans are unbanked. The social and economic pressure to address this is a daunting task for the banking sector. Where research has shown that cost, access and product complexity are barriers for entry, there has been a conspicuous gap in analysing the underlying emotional reasons for why people are reluctant to access the banking sector.

Robinette and Brand (2001) concluded that decisions are influenced by emotion deeper and longer lasting than those based on rational thoughts alone. The most effective way to access a person's view of the world is to allow them to tell you. Incorporated in their narrative will be a selection of perceptions and myths. It is this that goes on to create their reality and ultimately defines the way in which they interact with the world. This research was designed to allow the participants to tell their story of how they viewed the banking sector in their own words, describing the feelings and thoughts they held.

This research began with the intention of answering two questions viz what are the existing myths and perceptions of low income consumers in the banking sector and to what extent they impact consumer behaviour? While there are definite perceptions and myths that exist, this research has resulted in a broader context for how this market is viewed. This is context that challenges how we see the poor and the solutions we provide for their lives.

Traditional models of eople are self-governing and can exist equitably in a free market system. It is derived from the premise that all people start of with the same resources. The poor in this model are ring fenced as being either deviant or perform calculated adaptations (Mullainathan *et al*, 2004), to survive. What is abundantly clear from this research is that the poor in spite of being helpless are not hopeless. There exists an energy and will to change their lives, but as a result of circumstances beyond their control lack the resources (education and skills) to empower themselves.

Shifting our paradigms, asks us to see the poor as exhibiting the same biases and weaknesses and as those that are better off, but are in fact materially impacted negatively by the narrow margins of error that their conditions allow (Mullainathan *et al*, 2004). Accepting Senge's (1990) proposition that organisations are open systems that are an inextricable part of the society they operate in, will equally allow us to see that the poor have a significant role to play in growing the economy to achieve and even perhaps exceed the targets set by government.

What are asking for are ways in which they can decrease their helplessness and become contributing members of society. The challenge for organisations is to find a way to partner with the poor and offer them value creating products, which whilst they contribute to bottom line, make an equal difference to the welfare of the poor. An example of this for the banking sector would be to provide financial literacy skills together with a savings account. The long-term benefits to society and the organisations would far outweigh the initial cost.

Prahalad (2004, pp112) overty are the poor themselves. Their resilience and perseverance must give us courage to move forward with entrepreneurial solutions. We can build a just and humane society.”

7.2. Recommendations

There are areas for future research and ideas for implementation that could prove to be very useful for various stakeholders when they attempt to access this market.

- Economic Esteem is a subject that has little academic support. In an emerging market it plays a considerable role in improving the circumstances of the poor. There are various ways in which one can look at this. An example would be to take a case study view of the generational impact of economic esteem, or the effect one-success story has had on an area or extended family.
- Perception and myth can be tested with additional rigour in the methodology, with the intention of including it in future surveys carried out by the various stakeholders e.g. Finmark, Market research by the banks.
- Test a product that adds to self-esteem, e.g. a savings product that instead of normal bank charges, costs arise you if you DON'T save and you are rewarded in Rand value on the achievement of certain targeted amounts. Another one would be a loan product, which is initially a savings vehicle, if the consumer does not achieve the loan criteria.
- Implement a change programme that teaches managers a deep and fundamental respect for human beings. This market is not about the products; it's about the people and the relationships. The approach is equally

about allowing them to make their own decisions. They require, as they know their circumstances better than anyone else.

- The implementation of financial literacy courses. This is about more than just product education. It concerns teaching people the fundamentals of money, and purchasing capital versus consumption items. There were several requests for this from people during interviews.

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APPENDIX – SUMMARY OF THEMES

Data/Theme	Interviewee 1	Analysis, Comments, Observations	Interviewee 2	Analysis, Comments, Observations	Interviewee 3	Analysis, Comments, Observations
Gender	Male	He was quiet and subdued. Appeared less self-confident than the others. Struggled with English and comprehension	Male	Confident, well dressed. Did not invite us into his home. Articulate and appeared to enjoy having an audience. Opinionated.	Male	Confident, relaxed. Watchful, quieter. Had strong views.
Race	Black		Black		Black	
Age	27		26		26	
Place of birth	Brits		Alexandra		Alexandra	
Place of residence	Alexandra		Alexandra		Alexandra	
Highest education	Matric		Standard nine		Pre matric (did not disclose)	
Family		Strong ties		Strong ties		Visits family 4-5 times per month



Mother	Yes	She had remarried	Yes	Lives with her. A private doctor employs her.	Yes	Parents live in Midrand
Father	Yes		Yes	Lives with mother. Unemployed.	Yes	Parents live in Midrand
Siblings	Older sister – Sannie Younger sister- Salomina	Strong influence in his life. Turns to her for guidance and support.	Yes	Has 2 children who also live in the family home.	Younger brother and sister	Live with parents
Spouse	Girlfriend	Lives with her	None referred to		None referred to	
Employed	Yes	In a landscaping firm	Yes	By a cellular network	No	Left his job with Edcon claiming boredom
Banking	Savings	Distribution Channel (salary in and next day out) Wants to buy takkies etc	Savings	Initially distribution – claims to be saving now that he earns more To buy things I need – appeared to be consumption	Savings	Distribution Consumption items
Bank	Nedbank	Referred to as Peoples Bank	Standard	“They are not the best”	ABSA	Strong emotional connection to brand.
Perception One - Bank	Int: “so bank charges are	Leading question	Int’ee: “Mm-hm I think they are	Leading question. Although felt	Int’ee:”Sometimes”	Leading question



charges too high	too high” Int’ee: Eh		too high. Some of them are just unreasonable. I mean you can’t be charged for putting money into the bank.	charges were high. Was not looking for a free service.		
Perception 2 – “I can’t do that”	“I don’t have the power to go and ask that”	In response to a question which asked if they had queried bank statements. Squirmed, lost eye contact. Very uncomfortable	“...Because I wouldn’t have enough power...”	In response to a question which asked if they had queried bank statements. Uncomfortable – vague answer – no time to query.	“But I do not think that I have an option as such to say no, this is what you should do or voice my opinion out.”	In response to a question which asked if they had queried bank statements. Regarded as too small to query.
Perception 3 - declined loans made me feel less valued	“To the bank but I don’t know when I’m going to start”	Very uncomfortable. Took awhile to answer.	“I would feel that I’m unimportant that I’m just another client and they wouldn’t really care because at the end of the day as soon as I leave and cancel my account, someone	Linked to lack of caring. Seen as useful only if money can be made from him. Treated like a commodity.	“...And I’ve got a brilliant idea for establishing a very viable business but I do not have anything to offer on hand, you know – and then I’m a black person, they’re going to look at me and become sceptical about giving me	This was attached to low self esteem and racism. Felt that as a black person, there would be lower leniency towards him.



			comes in, signs a new account.		the money. But if it was somebody of any colour, if that person went there they would think – they would say “yeah, but ok we’ll give you chance in this way,” you know.”	
Perception 4 – I will be treated better if I had more money		Felt that had he had more money, he would feel more comfortable querying his bank charges.	“They obviously would. They would. You know, firstly they would want to like call you in, you’re no longer on the queue now, you are being called to the back office now. You’ve been given tea now ...”	Very clear about this. Went to great detail to describe how he would be treated better including the use of financial advisers.	Ja	Big smile almost as if he could picture this better treatment. Meant he felt he was currently not being treated as well as he would like to be.
Perception 5 – I distrust the people around me more than I distrust the banks	“I don’t think they will me the truth”	Clarity on this thought.	“Not really. I don’t really trust the banks about my money.”	This was related to myth one. He felt banks gave the government access to his money.	“Ja. Just imagine if I had a R50 million and put it under that thingy – the couch and one day it caught fire. So if somebody steals	Banks are less untrustworthy. Also talk of recourse if money was lost.



					from the bank, I know my money is safe.	
Perception 6 – Rainbow Nation or Old South Africa	Rainbow Nation	Just felt that way – could not articulate why.	Rainbow Nation		Rainbow Nation	Some extent – relate to loans issue where he felt that as a black person, he was more likely to be declined.
Perception 7-I feel the brand					“Ja, it captures you – your thingy- your brains. It triggers in your brain that this is the person I want to associate myself with.”	In reference to Absa’s “Today, Together, Tomorrow” campaign.
Perception 8-banks provide savings accounts & loans	“If they want loan”	Knowledge of banks limited to savings accounts and loans.	“Whats the point of banking with them if they can’t help you out whenever you need a loan”		“If they understood where you came from as a human being and what kind of plans do you have in establishing any type of business that is really viable; and how can they help you achieve your dream. That how I see.	Plea for a more holistic view as a human being.
Perception 9 – Social	“I will talk to my sister”	Unlike the others – didn’t	“Actually it wasn’t just	Strong attachment to friends. Made	“Ja, because we are all informative	Reliance on friends for



Networks		refer to friends. Sister was a strong influence.	Standard Bank, it was just an account from previous banks. So I've been asking several peoples and they explained this and that.	several references to talking to friends.	in different ways. So whatever information I maybe have, he doesn't have; and then whatever he has, I do not have; so we share."	information and advice.
Myth 1 – Banks & Govt			"I wouldn't really know how it works between the government and the banks but if you can just think about it – I mean where does the government get all the money from to sponsor all this little things they do."	This was a real surprise. This was a confident, seemingly knowledgeable interviewee labouring under this myth.		
Myth 2 - Barclays as the new enemy					"Because they bring their own influence from overseas and putting it into our banking structure and then they-from my own	Fear based construct looking for a new enemy.



					perception, I thin they're making our lives difficult."	



Data/Theme	Interviewee 4	Analysis, Comments, Observations	Interviewee 5	Analysis, Comments, Observations	Interviewee 6	Analysis, Comments, Observations
Gender	Male	He was confident, articulate, hopeful and caring about the community. Educated in Swaziland.	Male	Talked a lot. Did not make too much of sense.	Female	Confident, strong views.
Race	Black		Black		Black	
Age	23		Late 20's		44	
Place of birth	Swaziland		Alexandra		Kwa Zulu Natal	
Place of residence	Alexandra		Alexandra		Alexandra	
Highest education	Matric		Standard nine		Pre matric (did not disclose)	
Family		Weak ties – referred to not knowing why he been abandoned.		No ties referred to		Family lives with her.



Mother	Yes	Did not talk about their current whereabouts.	Did not discuss		Yes	Lives in Alex close to her.
Father	Yes		Did not discuss		Did not discuss	
Siblings	None discussed.		Did not discuss		Siblings in Harrismith	4 children
Spouse	None discussed.		None referred to		Married - unemployed	Hesitated when asked the marriage question.
Employed	No	Left work in cell network company.	No	Self employed	Yes	At a creche
Banking	Savings	Distribution Channel (salary in and next day out)	Savings	Distribution and also to run business	Savings	Does save and has a loan with the bank
Bank	Absa	Closed on account of having no income	Absa		Nedbank	Good experience with loan application
Perception One - Bank charges too high	“Sometimes”. “ Its funny. There’s a point where I		No view		“Oh they are not that big”	



	think they are fair and there's a point where I think they are really not fair. They are fair but sometimes they're just a bit too high for a service that's supposed to be helping us."					
Perception 2 – "I can't do that"	"Maybe because of I never have time; I never been like going to far as to try and get some information."	Uncomfortable.	Confused response.		Fully confident she could.	Relationship with bank appeared healthy.
Perception 3 - - declined loans made me feel less valued					Loan application granted – if she paid well could get more.	
Perception 4 – I will be treated better if I had more money	Question not posed		Question not posed		Question not posed	
Perception 5 – I distrust the people around me more than I distrust the banks	"Ja. Unlike trying to keep my money under a sponge or something, any old person can walk in and- you know, and	Not trustworthy- less untrustworthy.	Ja. I trust banks.		"But if my money is at home, anything can happen here."	Again less untrustworthy.



	I'm chilling in my room or I've got a girlfriend and I explain to her "oh this is my money". And two days later its gone.					
Perception 6 – Rainbow Nation or Old South Africa	Rainbow Nation		Rainbow Nation		Rainbow Nation	People now banked. In days gone by people kept there money in a polish tin or buried it under a stone.
Perception 7-I feel the brand	Did not come up		Did not come up		Did not come up	
Perception 8-banks provide savings accounts & loans	Loans and savings		Loans and savings		Loans and savings	
Perception 9 – Social Networks	Did not come up		Did not come up		Did not come up	